

March 16, 2006- Norton Releases Letter on Job Losses by Walter Reed Employees

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Norton Releases Letter on Job Losses by Walter Reed Employees to Follow-up Her Earlier Call for Investigation

Washington, DC—Congresswoman Eleanor Holmes Norton (D-DC) and other Members she asked to join her released a letter to Secretary of the Army Francis J. Harvey, asking that the Department of Defense (DoD) not enter into a contract with a private company seeking to take over base operations support services at the Walter Reed Army Medical Center from 350 federal employees who have been performing these operations. Also signing the letter were Maryland Senators Barbara Mikulski and Paul Sarbanes, and Representatives Steny Hoyer and Albert Wynn. It says that the awarding of the contract through “highly unusual circumstances” demand[s] sustained congressional scrutiny and if necessary, decisive congressional intervention.

The unionized federal employees, represented by the American Federation of Government Employees (AFGE), initially won the \$120 million contract in 2004. However, the DoD continued the privatization review after the losing bidder filed a protest. The General Accounting Office subsequently ruled last month on a technical basis, that despite irregularities, these federal employees are not entitled to the same protest rights that the private contractor used because the law did not specifically allow such rights until after the Walter Reed competition was initiated.

Norton called on her colleagues to join her in sending a letter to the Secretary after meeting with employee representatives and learning more about the “troubled history” of this outsourcing dispute, beyond the technical violations. The Members of Congress believe that only further investigation can lead to a fair and acceptable resolution.

The full text of the letter follows.

March 16, 2006

The Honorable Francis J. Harvey
Secretary of the Army

Dear Secretary Harvey:

The undersigned lawmakers urge you not to enter into a contract for base operations support services at the Walter Reed Army Medical Center (WRAMC). A September 29, 2004, decision in favor of the in-house workforce was subsequently reversed earlier this year, resulting in a tentative decision to contract out the jobs of 350 federal employees in favor of a \$120 million contract. The highly unusual circumstances surrounding this particular OMB Circular A-76 privatization review, particularly the apparent violation of the Anti-Deficiency Act, demand sustained Congressional scrutiny and if necessary, decisive Congressional intervention.

The WRAMC OMB Circular A-76 privatization review was started on June 13, 2000, under the previous Administration. The Department of Defense (DoD) received a waiver, special permission, from the Office of Management and Budget (OMB) to continue the WRAMC A-76 review under the rules of the Circular prior to its revision on May 29, 2003. However, OMB set certain conditions on how the WRAMC A-76 was to be conducted. OMB “expect(ed) DoD to make final decisions for these cost comparisons (including the WRAMC privatization review) no later than September 30, 2004, the completion date projected by the DoD Competitive Sourcing Official in his October 24, 2003, letter to OMB.” The DoD Competitive Sourcing Official is responsible for ensuring use of the previous Circular is limited to timely completion or cancellation of any initiative. However, the Army continued the WRAMC A-76 privatization review past September 30, 2004. Under the current Circular, DoD could not unilaterally change the terms of the waiver from OMB. While it could have asked OMB for an extension, it appears that DoD never submitted such a request. The WRAMC privatization review should have been cancelled when the deadline in the waiver had expired but the Army had failed to complete the WRAMC privatization review in a “timely” fashion.

The excessive length of the WRAMC privatization review appears to be in violation of both DoD’s own rules, which limit A-76 privatization reviews for multi-function activities to 48 months, and, more importantly, the Defense Appropriations Bill, which limits A-76 studies for multi-function activities to 30 months. As you might imagine, the Congress takes very seriously any violations of the Anti-Deficiency Act. The apparent failures of the Army to abide by the terms of the OMB waiver, its own rules, and the law, in conducting the WRAMC privatization review long past the established deadlines, are not mere technicalities. Deadlines for the completion of A-76 privatization reviews are established for a very good reason: such exercises generate significant costs and can undermine productivity. The longer A-76 privatization reviews continue, the higher their costs; and the higher their costs, the less likely that those A-76 privatization reviews will generate any actual savings.

We appreciate that the Army understands very well the highly unusual circumstances surrounding the WRAMC A-76 privatization review as well as the strong arguments for its cancellation. After all, after the sixteenth solicitation to the solicitation was issued, one which included more than 1,500 changes, many of them involving significant increases in workload, the in-house bid was decertified. That's why the Army's Assistant Secretary for Installations and Environment reported in an August 8, 2005, letter to the contractor that the "Army will request approval to cancel the (WRAMC privatization) study." Given its troubled history, that was clearly the correct course of action.

Again, the undersigned lawmakers urge you not to enter into a contract for base operations support services at WRAMC.

Sincerely,

Congresswoman Eleanor Holmes Norton Congressman Steny H. Hoyer

Congressman Albert Wynn Senator Barbara A. Mikulski

Senator Paul. S. Sarbanes